

A Guide To WebFile For Business



Massachusetts Department of Revenue

2005

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General Information Regarding WebFile for Business

What is WebFile for Business?

WebFile for Business is the Department of Revenue's (DOR) secure Web-based application that allows business taxpayers to register, file and/or pay most tax obligations, as well as research, update and maintain their tax accounts online. WebFile for Business is available on the DOR website at www.mass.gov/dor.

What businesses are required to use WebFile for Business?

Businesses with combined annual withholding tax, sales and use tax, sales tax on meals, sales tax on telecommunications services and room occupancy tax liabilities of \$10,000 or more must file and pay these taxes electronically.

Businesses filing withholding tax, sales and use tax, sales tax on meals, sales tax on telecommunications services and room occupancy tax returns with zero tax due also must file the returns electronically, regardless of their annual tax liability amounts.

All new businesses must use WebFile for Business to register for withholding tax, sales and use tax, sales tax on meals, sales tax on telecommunications services and room occupancy tax. These businesses are required to file and pay these taxes electronically, regardless of their annual tax liability amounts.

All new registrations, which includes registering to collect new tax types or adding additional business locations, must be filed through WebFile for Business.

Employers with 50 or more employees must file the Quarterly Report of Wages Paid (WR-1) electronically.

For more information, please refer to DOR's Technical Information Release (TIR) 04-30, Revised Electronic Filing Requirements.

Which tax returns can be filed and/or paid through WebFile for Business?

Business taxpayers meeting the mandatory electronic filing threshold must file returns and make payments for withholding tax, sales and use tax, sales tax on meals, sales tax on telecommunications services, and room occupancy tax through WebFile for Business.

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All corporations with gross receipts, sales or income from all sources of \$100,000 or more must file extensions and make any accompanying payment electronically. Any corporation making a payment of \$5,000 or more with its extension must file the extension and make the payment electronically.

Business taxpayers also may make payments through WebFile for Business for corporate estimated tax, gasoline tax, aviation fuel tax, jet fuel tax, special fuel tax, insurance tax, financial institutions excise, and public service corporation franchise tax. Please note: although payments for these tax types can be made electronically, taxpayers must submit paper returns.

WebFile for Business also allows businesses to file and pay unemployment insurance contributions to the Division of Unemployment Assistance (DUA), as well as file WR-1 reports with DOR.

For a listing of tax types and their filing and payment options, select the "Information & Help" link on the main WebFile for Business page.

What other options are available on WebFile for Business?

In addition to filing returns and paying taxes, WebFile for Business users can update business address(es) and contact information, check the status of current return and payment processing, amend returns and review account history. The amend feature of WebFile for Business allows users to increase or decrease tax, or dispute DOR assessments.

Tax practitioners can use WebFile for Business not only to file their own business tax obligations, but also to file returns and make payments on behalf of clients who have authorized them to do so.

WebFile for Business' account management capabilities also allow businesses to delegate specific functions to various employees within the company. For example, when registering, each business must assign at least one employee the role of "business master administrator," who manages all aspects of the organization's accounts. However, the "business master administrator" can assign responsibility for specific tax return and payment tasks to other employees within the company. These employees, known as "business tax administrators," will be provided with individual WebFile for

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Business usernames and passwords, which will allow access only to the areas of WebFile for Business associated with their assigned tasks.

To learn more about WebFile for Business' features, choose the "Information & Help" or "Tour" link on the main WebFile for Business page.

Are there any additional electronic filing and payment mandates?

All corporations subject to the corporate excise, including security corporations (but with the exception of financial institutions, insurance companies, and utility corporations), with \$100,000 or more in gross receipts or sales must transmit all returns, documents and tax payments using electronic means as of January 1, 2005. Financial institutions, insurance companies, and public utilities over the \$100,000 threshold, however, must file paper returns but must nonetheless make all payments electronically. Electronic payments can be made via Webfile for Business.

All professional tax preparers filing 200 or more income tax returns for tax years beginning on or after January 1, 2004, must file the returns electronically, unless the taxpayer specifically directs that a paper return be filed. Although not required, DOR encourages the electronic payment of personal income tax liabilities as well. Personal income tax returns and payments may be made through the "Online Services/Web Services for Income" section of the DOR website at www.mass.gov/dor. For tax years beginning on or after January 1, 2005, the threshold at which professional tax preparers must file electronically is reduced to 100 or more income tax returns.

Also, all payers of non-payroll payments reported on Form M-945 who are withholding tax on behalf of recipients of those payments must file and pay electronically for disbursements made on or after January 1, 2005.

For more information on these and other mandates, please see TIR 04-30, Revised Electronic Filing Requirements.

Using WebFile for Business

How do I begin using WebFile for Business?

To begin, visit the DOR website and choose the WebFile for Business link. Select "Register" and follow the instructions.

If you are a registered user, enter your username and password in the WebFile for Business login section to access your account.

Why must I give DOR my Social Security number when registering for WebFile for Business?

Your Social Security number is used only to verify that you are associated with the company that you are attempting to register. It is a security measure for you and your business, and is not used by DOR for any other purpose.

What will WebFile for Business accept for usernames and passwords?

Your username can be 3 to 20 characters in length, but it cannot contain any spaces.

For security reasons, WebFile for Business passwords are case-sensitive. Passwords must be between 8 and 15 characters in length and contain **at least** one capital letter, one lower case letter and one number.

How will I know that my return and payment have been accepted?

Once your return and/or payment has been successfully filed, you will receive a confirmation number. The confirmation number will begin with a three-letter code to help identify the type of transaction. For example, a return confirmation will begin with "RET," a payment confirmation will begin with "PAY." You will also be able to view your account history, which will clearly identify all of the returns and payments that you filed electronically within eight days of submission.

Do I still need to submit a paper return or check when I start using WebFile for Business?

If you have submitted both your return and your payment electronically through WebFile for Business, your filing obligation is completed. Please note that there are specific tax types that allow you to submit your payment electronically, but not your return. If you use WebFile for Business to make these payments, you must still file your return on paper. Electronic returns for these tax types will be added to the system periodically.

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For a listing of tax types and their filing and payment options, select the "Information & Help" link on the main WebFile for Business page.

How do I submit a payment electronically?

The Department of Revenue uses the Automated Clearing House (ACH) to electronically transfer money between the business community and the Commonwealth. You can make electronic payment through the ACH Credit or ACH Debit method. ACH Debit is DOR's preferred method of payment.

What is the difference between ACH Credit and ACH Debit?

The ACH Credit option requires the taxpayer to make arrangements with his or her bank to send a payment to DOR. The taxpayer must print out specific record formats and give them to his or her bank in order for the bank to transmit the payments to DOR on the taxpayer's behalf. Please note: Many banking institutions charge extra fees for ACH Credit services, and if the bank does not follow DOR's record formats, there may be problems in processing your tax payments.

With ACH Debit, you provide DOR with your bank account and routing number when you make an electronic payment. You authorize DOR to request that a specific payment amount on a specific date be withdrawn from your account and sent to DOR. There are no fees with this method.

How do I use ACH Debit or ACH Credit?

You can use ACH Debit or register for ACH Credit through WebFile for Business. You can opt for the ACH Debit method when you register to use WebFile for Business. Otherwise, after you file a return you will be asked for your banking information, which can be saved for future payments from that account. The "Account Management/Manage Bank Account" feature allows users to add or delete bank accounts as needed.

You may select the ACH Credit option after you have completed your WebFile for Business registration process. To set up ACH Credit, log into your WebFile for Business account and select "Administer My Account." Choose "Update Payment Options" and then "Update Credit Status." This feature allows you to inform DOR of your intention to make particular tax payments by ACH Credit. The ACH Credit option is a three-step process. You must

choose the tax types you wish to pay with ACH Credit, print copies of the Credit Specifications records for each tax type, and provide copies of the records to your bank to initiate the payments.

Will I be required to change my bank?

No. You can continue to bank with your current institution.

What if I miss the filing due date?

WebFile for Business allows you to file returns and make payments for the current period and any preceding period within the last six years. Interest and penalties will be billed to you on all late filings and payments.

My business meets the electronic filing and payment threshold. What happens if I do not submit my return and payment electronically?

If you are required to file returns, make payments or submit data to DOR in an electronic format and you do not do so, you may be subject to a penalty of up to \$100 for each return, payment or data transfer submitted incorrectly to DOR. Please refer to TIR 04-12, Penalty for Failure to File, Report or Pay in the Prescribed Format, and TIR 04-30, Revised Electronic Filing Requirements, for more information.

What if I made an error on a previously filed return?

WebFile for Business allows taxpayers to make corrections to withholding tax, sales and use tax, sales tax on meals and room occupancy excise returns, regardless of filing frequency, whether the change results in an increase or decrease to tax.

If you need to correct a return that has been posted to your account for one of these tax types, log into WebFile for Business, select "File Return" and select "Amend" for the tax type you need to correct.

If the return you need to correct has not been posted to your account, you can cancel the submission, edit your entries and resubmit the corrected return to DOR. To do this, log into your WebFile for Business account, select "File Returns," then "History," and then "View Details." If a "cancel" button is available in this screen, select "cancel." You will then be able to make the necessary corrections to your return.

Can I use WebFile for Business to file my wage reporting information?

Yes. You can use WebFile for Business to file your WR-1 reports. There are several different options for your convenience. You can enter your wage reporting information directly online for up to 600 employees, or use the File Upload or Secure File Transfer option. It is important to note that any employer with 50 or more employees is required by law to file wage reports electronically. See TIR 04-30, Revised Electronic Filing Requirements, for more information.

Can I use WebFile for Business even if my business is not required to file electronically?

Yes. All businesses, regardless of whether they are required to file electronically, can use WebFile for Business to file and/or pay any of the taxes accepted through the application. The business must have a valid Federal Identification Number (FID) and register online with DOR for the appropriate business taxes.

I currently use Business Telefile. Do I have to switch to WebFile for Business?

No. You may still use Business Telefile; however, WebFile for Business provides the user with more options.

Can I alternate between Business Telefile and WebFile for Business?

Yes. You can use both systems; however, WebFile for Business provides many more options, as not all tax types are available through Business Telefile.

For a listing of tax types and their filing and payment options, select the "Information & Help" link on the main WebFile for Business page.

Please note that you cannot register a business through Business Telefile. You must use WebFile for Business to file a new registration or register additional locations.

Can I authorize an accountant to file my returns through WebFile for Business on my behalf?

Yes. However, your accountant, payroll service provider, professional tax preparer, etc. must be registered to use WebFile for Business before you can authorize him or her to electronically file your returns and make payments of any taxes you owe on your behalf.

I don't have a computer, but am required to file electronically. What can I do?

If you do not have access to a computer, but are already registered and reporting Massachusetts trustee taxes, call DOR's Customer Service Bureau at 1-617-887-MDOR or toll-free in Massachusetts at 1-800-392-6089. A Customer Service representative will register you to use DOR's Business Telefile feature to file and pay your business tax obligations via touch-tone telephone. The Business Telefile number is 1-617-660-2020.

There are personal computers designated for taxpayer use located at all of DOR's local offices. You can visit one of these offices to access WebFile for Business to register your business, file returns, make payments or meet any other electronic filing obligations. DOR has offices in Boston, Fall River, Hyannis, Pittsfield, Springfield and Worcester.

How can I find out more about my Massachusetts business tax requirements?

For information about your Massachusetts business tax requirements, visit the DOR website at www.mass.gov/dor and select "Business Information." If you still have questions, please call the Customer Service Bureau at 1-617-887-MDOR or toll-free in Massachusetts at 1-800-392-6089.

The purpose of this publication is to provide taxpayers with general information about Massachusetts tax laws and Department of Revenue policies and procedures as of November 1, 2004. It is not designed to address all questions in detail, and taxpayers are encouraged to seek further guidance as described throughout this guide. Nothing contained within this publication supersedes, alters or otherwise changes any provisions of Massachusetts General Laws, Massachusetts Department of Revenue Regulations or Rulings or any other sources of the law.

Department of Revenue

*Toll-free in Massachusetts: **1-800-392-6089***

*Online: **www.mass.gov/dor***